

## Message Text

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ORIGIN NEA-12

INFO OCT-01 ADP-00 AID-20 PA-03 PRS-01 USIA-15 ABF-01 EB-11

OMB-01 TRSE-00 CIEP-02 L-03 AGR-20 CEA-02 SS-15 NSC-10

CIAE-00 INR-10 NSAE-00 RSC-01 /128 R

DRAFTED BY NEA/INS:DWBORN:AM

7/23/73 X20701

APPROVED BY NEA:JJSISCO

NEA:AHMEYER

AID:AWHITE

NEA/INS:LBLAINGEN

NEA/P:JBRIGGS

----- 035426

R 232219Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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E.O. 11652: N/A

TAGS: EAID, EFIN, IN

SUBJ: RUPEE NEGOTIATIONS: PRESS GUIDANCE

1. NEW YORK TIMES AND BALTIMORE SUN, JULY 23, CARRIED IDENTICAL STORIES ON RUPEE NEGOTIATIONS, INCLUDING US REQUEST FOR \$1.5 BILLION EQUIVALENT. QUESTION DID NOT ARISE AT JULY 23 NOON BRIEFING.

2. HERE IS WHAT WE INTENDED TO USE AT JULY 23 NOON BRIEFING HAD QUESTION BEEN ASKED.

3. Q: CAN YOU CONFIRM TODAY'S NEW YORK TIMES STORY CONCERNING OUR NEGOTIATING POSITION ON INDIAN RUPEES? WHAT DO WE SEEK FROM THESE NEGOTIATIONS? ISN'T THIS SIMPLY  
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A GIVE-AWAY?

A: (ON IF ASKED BASIS ONLY) AS PART OF THE PROCESS OF  
DEFINING A BASIS FOR A NEW ECONOMIC RELATIONSHIP WITH  
INDIA, WE HAVE INDICATED OUR WILLINGNESS TO DISCUSS THE  
RUPEE PROBLEM. OVER THE YEARS WE HAVE ACCUMULATED VERY  
LARGE RUPEE HOLDINGS AND CLAIMS FROM PROCEEDS OF PL-480  
FOODGRAIN AGREEMENTS AND FROM RUPEE-REPAYABLE DOLLAR LOANS  
MADE IN THE 1950'S. THE ORIGINAL AID AGREEMENTS LIMITED  
OUR USE OF REPAYED RUPEES LARGELY TO COVERING USG EXPENSES  
IN INDIA OR TO RELENDING FOR INDIAN DEVELOPMENT. THE  
VERY SIZE OF THE HOLDINGS OF INDIAN CURRENCY BY A FOREIGN  
GOVERNMENT HAS BECOME A MATTER OF SERIOUS CONCERN TO THE  
INDIANS. OUR HOPE IS THAT THESE DISCUSSIONS WILL SUCCEED  
IN ATTAINING A MUTUALLY SATISFACTORY SOLUTION THAT CON-  
TRIBUTES TO BETTER INDO-US RELATIONS, AND ASSURES US  
SUFFICIENT RUPEES TO MEET OUR RUPEE EXPENSES FOR A  
REASONABLE PERIOD OF TIME. THE NEGOTIATIONS HAVE BEGUN  
IN NEW DELHI. WHILE THEY ARE UNDERWAY, I DO NOT BELIEVE  
IT WOULD BE HELPFUL TO COMMENT ON THE DETAILS OF THESE  
NEGOTIATIONS. ROGERS

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